



THE

# Credit Union

UNIVERSITY MICROFILMS  
313 N. 1ST ST.  
ANN ARBOR, MICH.  
EXCH

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

## ON THE COVER

Fijian credit union members celebrate Credit Union Day with colorful ceremonies. Much of the success of credit unions in the Fijis is based on successful assimilation into local customs. See story, page 12.



# The Credit Union

*Bridge*

The Credit Union Bridge is published monthly by the Credit Union National Association, Inc., at 404 N. Wesley Avenue, Mt. Morris, Illinois. Address the editorial or business office at P.O. Box 431, Madison 1, Wisconsin.

P.O. Box 808, Hamilton, Ontario

Vol. 24

No. 11

SUBSCRIPTION—\$2.00 A YEAR

November, 1959

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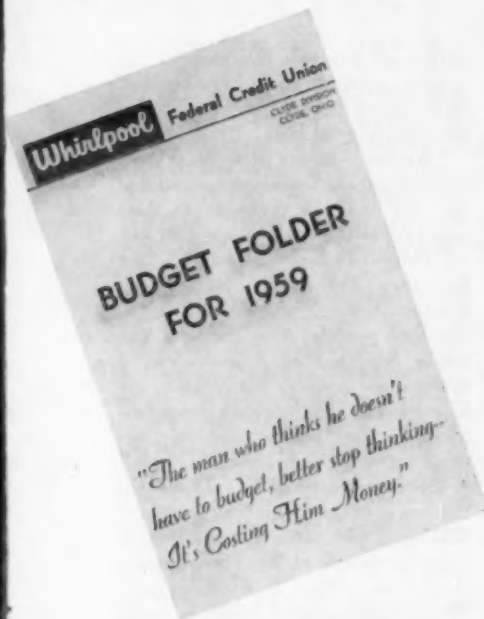
## COMING SOON

A survey of legislation—  
federal, provincial, state—  
December issue

Bob Kusmer, manager, and Glenn Pettys, president, are pleased with their credit union's growth. But they want more.

# A MILLION IDEAS

*The educational and advertising program of this credit union keeps coming up with new material, like budget folders, membership cards, and dividend vouchers.*



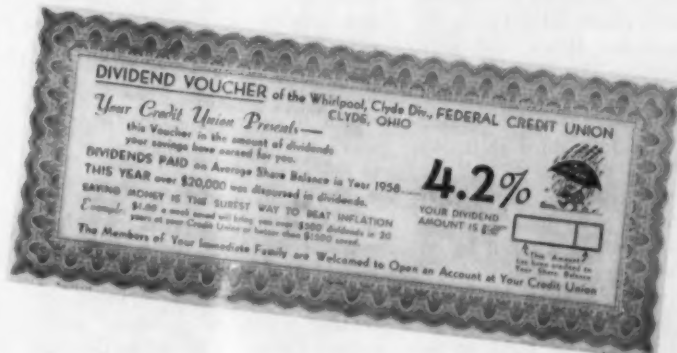
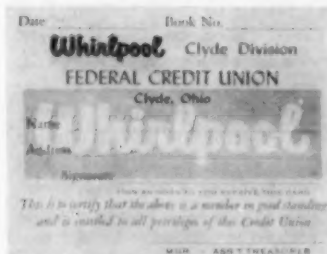
"IT isn't enough to put up a poster and a financial statement every month," says Bob Kusmer. "It isn't enough to plan a big annual meeting. Promotion has to be intense and continuous."

Kusmer weighs 240 pounds, despite which he is charged up with an apparently inexhaustible supply of energy, enthusiasm and promotional ideas. Since June 1956, he has been manager of the Whirlpool Clyde Division Federal Credit Union in Clyde, Ohio. In this time the membership of the credit union has grown 180 percent, and assets have more than doubled. The figures: membership up from 853 to 2,400, assets up from \$342,000 to almost a million.

Here are some of the promotional and educational methods the Whirl-

pool group has devised to keep its members constantly informed and interested:

- **Budget Folder.** At last year's annual meeting, each Whirlpool member received an attractive budget folder for 1959. It provided a detailed list for entering payments and expenses for the coming year. And at the back of the folder a set of instructions told the member how to make out his budget. Some facts about credit union membership added further to the publicity value of this promotional piece.
- **Membership Cards.** Whirlpool issues an attractive two-color, membership card to all members. It is wallet-size and lists (1) the name and address of the credit union, (2) the date of issue, (3) the member's book number, (4) his name, (5) his address.



Left to right:

Ronald Collier, chairman of the education committee, wears a credit union emblem on his jacket.

George Noss, chairman of the credit committee, likes the telephone answering service.

Lydia Streeter, a member of the educational committee, helps pick the Member of the Month.

Irene King, bookkeeper, is one of the credit union's greatest boosters.



And it also provides (6) a space for the member's signature as well as (7) a line for the manager's signature. Above the manager's signature appears the statement: "This is to certify that the above is a member in good standing and is entitled to all the privileges of this Credit Union."

The reverse side of the membership card lists (a) eleven Whirlpool services, (b) the italicized message "In any emergency, anytime, contact your Credit Union Officials," and (c) the reminder "Owned by Whirlpool Clyde Div. Credit Union Members."

Comments a Whirlpool committee-man, "Our members place considerable value in their membership cards. They look upon them both as an item of prestige and a useful means of identification."

• **Telephone Answering Service.** At some 25-30 locations throughout the company's plants, large (18 by 12 inches) two-color (black and red) posters announce to the membership that they can reach their credit union at any time, whether they work during the first, second or third shift. All that they need to do is to call the credit union's telephone number. If the call should come in after office hours, their message is taken by an electronic secretary.

Here is what the electronic secretary says to the member who calls during the evening, at night, or on

Saturday afternoons and Sundays: "Hi. This is your Whirlpool Credit Union Electronic Secretary. Please state your message. If this is a loan application, please state your name, address, the amount you wish to borrow, the reason for the loan and also how much you wish to pay on the loan. And any other information you feel is important. Such as the time to pick up the loan check. Commence speaking at the sound of the tone signal."

Says R. W. Collier, the education committee chairman, "If it weren't for our electronic secretary, some of the men on our late shift would think that Whirlpool is of no practical value to them. But I believe that all our fellow employees understand now that they can get credit union service whenever they need it. That's why our electronic secretary is an important link between our membership in the plant and our office. I would say that this electronic device is more than paying its own way by the good will which it creates and the improved services which it enables us to give to our members."

• **Dividend Voucher.** At the end of the dividend period, Whirlpool mails a dividend voucher to each member who is entitled to a dividend. The voucher states the dividend percentage which the members' shares earned during the preceding dividend

period. It also tells the member the specific amount which was credited to his share account as his personal dividend for the year.

"We were surprised to learn how many members had never noticed that we had added a dividend to their accounts in the past," comments one of Whirlpool's board members. "Nor had they any idea how large an amount they had earned during the dividend periods. As a result of this notice, we received a good deal of extra share money. Many members whose interest in the credit union had formerly been passive, suddenly became active credit union enthusiasts."

• **Correspondence Envelopes.** On the back of each mailing envelope Whirlpool advertises its services with a family picture of three generations. Next to the picture appears this text: "We are the happiest family in town. We all belong to the Whirlpool Federal Credit Union. We save regularly. Borrow only when we need it. It's the best way. Do all members in your family belong?" Manager Kusmer finds that this form of advertising has been very effective. He reports that many of the group's 800 family members were encouraged to join because they noticed the message on the correspondence envelopes.

• **Children's Passbooks.** "Children like to have their own passbooks," says Bob Kusmer. "They



know little about money. Nor do they have much of a concept of the purpose of saving. But they are interested in something that they understand. A treasure-chest is one of the items which means something to children. That's why we have designed our children's passbook like a treasure chest. The design was developed by one of our members."

• **Education Club.** Several years ago Whirlpool began an education club to help members to plan for their children's education. Members may assign a portion of their payroll deduction fund to this club. To discourage unnecessary withdrawals, one of the club's conditions is that members must give 90 days notice if they wish to take out funds. Club funds earn regular dividends.

• **Christmas Club.** When joining the club, the member signs an application card on which he indicates whether he wishes to use payroll deduction or prefers to make weekly payments in cash at the credit union office. Regardless of his choice of payment method, the member receives a numbered coupon book with fifty coupons. Those members who choose payroll deduction are invited to come into the credit union office as often as they like to have their coupon receipts stamped. Says Bob Kusmer, "Actually there is no need for members who save through payroll deduc-

tion to come into the office with their coupon books. But we have found that these books arouse greater interest in Christmas savings. They are also an excellent conversation piece and therefore good publicity for our credit union."

• **Moving Signs.** Near the entrance to the office, a perpetually moving sign in bright colors catches the eye of the member. This sign is changed every week. It may read: "You are at the place where savings pay," or "Save a portion of each pay check regularly with safety plus profit," or "Don't forget to save generously and regularly," or "Are you sure you are saving as much as you could?"

"I would say that our savings have increased about 20 percent since we started using these signs," says Bob Kusmer. "The cost of the complete set of exchangeable cards plus the electrical moving apparatus was \$18."

• **Match Covers.** Throughout the plant, Whirlpool distributes match folders. On the back of the matchbooks this message is imprinted in two colors with an attractive design: "What have you saved recently? By helping each other, we make life better." This is followed by the name and address of the credit union.

• **Poster-a-Month.** Whirlpool uses CUNA Supply's Poster-a-Month system. It distributes these twelve posters throughout the plant each month.

• **Loan Paid-Up Notice.** When a member has completed paying his payroll deduction loan, Whirlpool encloses a special letter with his cancelled loan note. In this letter Whirlpool explains that all of the member's payroll deduction money is now going into his share account to accumulate savings for a rainy day. The letter also encourages the member to remember his credit union in regard to all of his family's financial needs.

• **Dime Saving Cards.** Both children and adults are welcome to pick up dime saving cards at the credit union office. These cards hold thirty dimes. Whirlpool finds them very effective. They cost between 3 cents and 4 cents each.

• **Education Committee.** Whirlpool has a fifteen-member education committee. Its members serve as a public relations, field service and information team throughout the employer's plants.

The committee has monthly meetings in the credit union office. "Our meetings serve as training sessions for the committee," says committeewoman Lydia Streeter, a plant nurse. "We use these meetings to quiz our manager on all aspects of our credit union. We try to get the answers to questions which members have asked us during the preceding month."

Comments Bob Kusmer, "Fre-  
(Continued on page 18)



At the February legislative conference, the momentum for passage of the amendments began to develop. Here Representative Wright Patman helped celebrate the 25th anniversary of the federal act, with Julius Stone, W. O. Knight Jr., and J. Deane Gannon among the listeners.

## CHANGES IN THE FEDERAL ACT

*Signed by the President September 22, the new federal credit union act provides for more liberal service to members.*

**C**HANGES in the Federal Credit Union Act now permit making loans up to five years, instead of three, and signature loans up to \$750, instead of \$400. These and other improvements became law September 22, when President Dwight D. Eisenhower signed the bill passed in the late stages of the Congressional year.

Some of the changes become effective immediately, and federal credit unions can begin using them at once, as J. Deane Gannon, director of the Bureau of Federal Credit Unions, has pointed out in a letter to all 9,000 federals. Others must be clarified by administrative rulings. Still others will require by-law changes. The rulings and by-law changes are being developed by the Bureau staff now. Of course, this affects only federal credit unions. Other credit unions

operate under other laws.

### **Effective immediately:**

- Maximum maturity of loans is now 5 years.
- The unsecured loan limit is now \$750.

### **Require administrative ruling:**

- Federal credit unions may sell and cash checks and money orders for fees not exceeding direct and indirect costs.

### **Require by-law amendments:**

- Credit committees may appoint loan officers to approve loans up to \$750 plus unpledged shares.
- Credit unions may pay semi-annual dividends.
- Dividends may be earned by shares fully-paid by the fifth of the month.
- For groups of federal employees, retired employees may be retained as credit union members without jeopardizing free space provided in federal buildings. Members not on federal payroll may be accepted up to 5 percent.

ardizing free space provided in federal buildings. Members not on federal payroll may be accepted up to 5 percent.

- The supervisory committee is to be appointed by the board of directors, and one member may be a director other than the treasurer.
- The board may compensate clerical and auditing assistance requested by the supervisory committee. It may also compensate the loan officers.
- The board may appoint an executive committee to act for it in the purchase and sale of securities and in making loans to other credit unions. The executive committee may also be authorized to approve membership applications, or a membership officer may be appointed for this function.
- The board is to declare dividends.

*(Continued on page 26)*

## in the NEWS



The first credit union in **Nicaragua** has been organized. Fifty-two employees of the Nicaragua Sugar Estates, Ltd., helped by CUNA, have formed a credit union with management approval and support. The potential of the group is 2,000 members.

Membership of the **National Association of Managing Directors** has reached a new high of 137, reports treasurer S. J. Domenick, who is also managing director of the Maryland Credit Union League. The NAMD, which accepts managing directors and field men as members, now has 53 managing directors in the fold, 83 field men and one associate member.

Consumer credit will **double in volume** during the next 20 years, predicts economist Thomas Gies. Financial institutions can expect consumer loans to reach a total of \$80,000,000,000 to \$100,000,000,000 in the United States by 1980, says the University of Michigan professor, formerly with the Federal Reserve System.

**Eugene H. Farley, Jr.**, has joined the Virginia League as a field man. **Harold A. Sentman** becomes director of the D. C. League's technical services. **Robert E. Johnson** is appointed field man for the D. C. League. The Louisiana League names **J. D. Luton** as field man, and **Emily Spencer** takes on new duties in the League office.

**Armando Fernandez Vanga** succeeds Angel Espinosa as managing director of the Puerto Rico Federation of Credit Unions. **James W. Conklin** has been appointed director of education for the Illinois League. **Bert F. Beales**, formerly manager of CUNA Supply Cooperative, has accepted a position as claims examiner with CUNA Mutual Insurance Society. **Emil Lautermilch** has joined the Saskatchewan League as field man. **Richard M. Deelo** joins the Missouri League as field man, replacing Arthur H. Volkening.

Looking for fieldmen: the **West Virginia** League, the **Missouri** League. Looking for an assistant to the managing director: the **Illinois** League.

Two features of the new **federal credit union act** amendments become effective immediately—the new limit of \$750 on signature loans, and the new five-year time limit. (See story, page 4.) Other changes will require administrative rulings or by-law changes, points out J. Deane Gannon, director of the Bureau of Federal Credit Unions in a letter. The rulings and by-law changes will be issued soon.

Although holding a small percentage of total individual savings, credit unions in the United

States continued to make **strong gains in the savings field** during the second quarter of 1959, according to figures compiled by the Federal Home Loan Bank Board. The increase for credit unions was over \$100,000,000, or 4.2 percent for the quarter, compared with a 3.2 percent for the previous quarter. The credit union share of total individual savings reached 1.4 percent, compared with 1.3 percent a year previously.

**Ontario credit unions** in less than a month subscribed \$203,000 for debentures issued by the League to pay for a new League building. Only \$200,000 was needed.

**President Eisenhower** sent the following message October 6 to the Credit Union National Association:

"It is a pleasure to join in the annual observance of International Credit Union Day.

"This year has been a memorable one for credit unions in the United States. It marks the golden anniversary of passage of the first state credit union law, and the silver anniversary of the first Federal Credit Union Act. Just recently I signed into law a modern Federal Credit Union Act that had been approved by the Congress without a dissenting vote.

"I am delighted to send my greetings to those who are taking part in the celebration of International Credit Union Day 1959."

**Prime Minister John Diefenbaker** sent this message:

"On the occasion of Credit Union Day throughout the world, I am pleased to add my tribute to the splendid endeavors of the credit union movement.

"It is noteworthy that Canadians still have the highest percentage by population of credit union membership, which is evidence of the benefits which Canadians recognize can be derived therefrom.

"My sincere good wishes to all for the future and for your efforts to build better lives in a greater and growing Canada."

**Consumer credit** in the United States increased \$502,000,000 on a seasonally adjusted basis, during August, reports the Federal Reserve Board. Credit union loans outstanding increased \$55,000,000 for the month, compared with \$230,000,000 for banks and \$34,000,000 for consumer finance companies.

THE CUNA Mutual Insurance Society's **temporary disability coverage** on loan protection insurance is available to credit unions in Michigan, contrary to an erroneous report in a recent Bridge.

# What about it?



## Business as usual during strike

Our members have been on strike for eleven weeks now. How is this going to affect our present and future operation? And will we be able to pay a dividend at the end of the year?

### ANSWER:

Most credit unions operate on a "business as usual" basis during strike periods. They try to give the members the best possible service. And they let the membership know that their credit union is open and ready to help.

But a strike puts heavy demands on boards and committees. To do an effective job during a strike, the directors and committeemen must be more alert and active than ever.

Credit unions were born during a depression. And they have a long history of growth during times of adversity. This applies to strikes as well as to recessions and depressions. But this growth is far from automatic. It requires the constant effort and vigilance of all board and committee members.

Several years ago a young industrial credit union was shut down for several months by a strike. Shortly after the members stopped working, the board of directors switched to a weekly meeting schedule. Soon this schedule was changed again and the directors held daily meetings. They kept this up until the strike's end—many weeks later. The committees, too, increased their pace of work. The treasurer drew up a balance sheet almost daily to see whether the group's financial position permitted additional borrowing.

Like hundreds of other credit unions, this group not only survived the strike but grew significantly during this period of adversity. It also gained the members' fullest confidence and deep respect. And today it is the town's biggest credit union.

Strikes and similar emergencies require much hard work from board members and committeemen. And

this includes *all* committees: The credit committee, the supervisory committee and the education committee. With their whole-hearted co-operation, they can turn the emergency into an opportunity for exceptional service and growth.

The answers to your questions depend substantially on the degree of similarity between your own board's actions and those of the credit union cited above.

To help you find the answers, here are two important suggestions:

(1) Throughout the strike period keep in close contact with either your League or another credit union which has gone through a previous strike experience.

(2) Contact your League representative *before* the close of the year. Ask him to sit down with you to discuss your own particular problems. He will be glad to help you to work out the best answer to your questions.

## Membership education

I have been criticized by some of the members of our board and education committee for holding the purse-strings too tightly. They believe that we should use a larger portion of our income for a carefully planned member education program with month-by-month follow-up. But I feel that we should hold our expenses down until the end of the year when we will know exactly what our earnings have been. What I fear is that we might appropriate educational funds in April on the basis of the earnings of the first four months. Would this be practical? And what are we going to use for dividends at the end of the year if we adopt this kind of budgeting?—*Treasurer*

### ANSWER:

Member education is the basis of credit union growth. Numerous studies show that by setting up a carefully planned educational program, the rate of growth in most credit unions can be very substantially increased.

It is true that an educational pro-

gram costs money. But no credit union should hesitate to spend at least 5 per cent of its gross earnings for member education. These expenses pay for themselves in added growth and improved services.

It is a good idea to set aside a definite amount for membership education in the annual budget. This amount should be based both on past and anticipated income.

But some small credit unions do not operate on a strict budget basis. They prefer to arrange their expenditures on a month-by-month basis. Such an arrangement can be made to meet immediate needs on a stop-gap basis. But it makes all long-range planning very difficult. And it cripples the work of the education committee because it is unable to project its activities on a scheduled program basis.

There is little validity to the argument that accelerated membership education should be postponed for six or eight months because the exact end-of-year earnings are not known. Doubts concerning the ability to pay an adequate dividend can be readily resolved in most credit unions with two or more years' experience. All that the treasurer needs to do is to determine the growth and share withdrawal patterns of his group. On the basis of these patterns most treasurers are able to estimate their anticipated dividend needs. And after allowing for an adequate margin in the event of an unexpected change in the growth curve—and earmarking a sufficient amount for reserves, salaries and other budgeted items—it becomes a simple matter to determine the sum which is available for member education.

Says an experienced treasurer: "It pays to invest money in member education. We used to be afraid to spend money on membership education. Today we consider this item one of the most important ones in our budget."

(Continued on page 30)



The man in the street is borrowing more than ever before, but rates have gone so high that banks are reversing themselves.

## TIGHT MONEY IN CANADA

*As money tightens and  
rates rise, there are  
implications for credit  
unions and eager borrowers.*

**M**ONEY is tight in Canada, tighter than in the United States. One result is that the banks, which recently were entering the consumer finance business in a major way, are being forced to pull back. If money continues tight, the banks may ask for the right to charge higher rates. If money loosens up again, then the banks will be quickly back in business lending to consumers.

Whatever happens, the implications for Canada's five thousand credit unions are important. For credit unions in the United States, too, since tight money looks like a recurring possibility there, there may be similar implications.

Canada's nine chartered banks have

already underwritten consumer loans of more than a billion dollars through their 4,700 branches. The Bank of Montreal, the country's oldest banking institution, and the Bank of Nova Scotia feature special revolving credit schemes. The Toronto-Dominion Bank has a life-insured consumer loan plan, as does the Royal Bank, the largest Canadian bank.

Until the 1954 revision of the Canada Bank Act, Canadian banks could only make loans on security collateral or guaranty signatures. It took five years for the banks to put into effect their decision to lend on chattel mortgages, cars and house furnishings purchases.

Advertising by the banks loudly

declares that the interest rate they charge is 6 per cent—the maximum allowed under section 91 of the Canada Bank Act—with terms of up to thirty-six months and amounts up to five thousand dollars. A closer analysis, however, reveals that the interest rate being charged by the banks is really almost 11 per cent.

The banks retain their 6 per cent per annum charge on the diminishing balance of the loan outstanding. This plus the processing and service charges on loans means that the actual cost of the borrower for the funds he receives is between 9½ per cent and 10½ per cent.

### Lending hits rate ceiling

The current tight money situation in Canada has restricted a full expansion of the bank's lending schemes. The interest rate on government treasury bills has recently climbed past 5 per cent. A situation is approaching when banks could make more profit buying the bills than lending out money. (Indeed, if they didn't, commercial customers would use bank credit to buy the bills themselves.)

This state of affairs, many Canadian economists predict, will eventually force upon the Canadian parliament an upward revision of the

interest limit now imposed on the banks. Canada is the only major country in the western hemisphere which has a ceiling on bank charges maintained by a statute of the federal government. This was done during the depression, when all interest rates were low and (aside from credit unions) banks were the only source of credit and by far the largest accumulators and managers of savings. Despite some heavy lobbying by Canadian bankers, parliament will not likely act before 1964 to raise the interest rates. That's the year when the Bank Act comes up for its next periodic revision.

The pressure by consumers on the banks for more loans during the current period of tight money may turn more and more Canadians toward credit unions. When interest rates are high and the bank interest rate is controlled, industrial borrowers tend to rely more on banks for their credit needs. Corporations which could raise capital by selling 6½ per cent securities are happy to coast along with a bank loan at 6 per cent. They thus use up credit which would otherwise be available to the small individual borrower. The consumer who does not wish to turn to credit unions is faced with the prospect of paying the higher rates charged by department stores on time purchases

(14 per cent), acceptance companies on car purchases (19 per cent), or small loans companies which charge as much as 24 per cent.

In order to comprehend more fully the dilemma of the credit-hungry Canadian consumer today, a brief description of the anatomy of the Canadian credit situation is called for.

### Debts are rising

While Canada as a nation has never been richer, Canadians as individuals have seldom been deeper in debt.

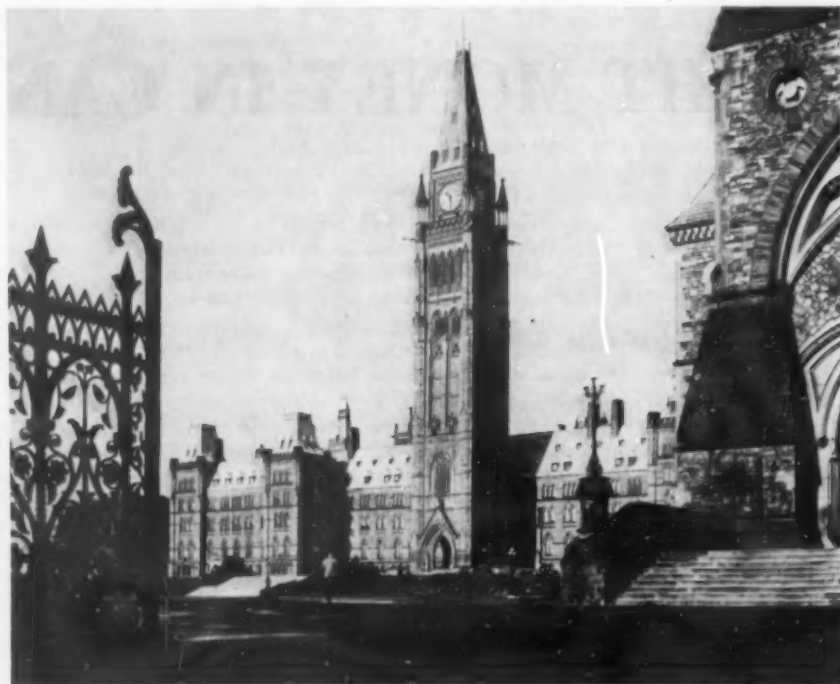
The average citizen of Canada is now in debt to the amount of about \$1,500. This includes his share of the national debt of nearly \$12 billions, which works out to \$676 per capita, an average per capita provincial debt of \$144, and municipal debts averaging \$112 per capita. The average Canadian owes \$85 to his bank, \$353 to his mortgage company, and \$118 to retail stores, finance companies and credit unions.

About 35 per cent of Canada's \$15.3 billions of annual retail sales are made on credit. While half the furniture and appliance sales are on time, only 5 per cent of clothing is sold with the aid of credit.

At the latest count, consumer debt to installment plans, small loan com-

*(Continued on page 23)*

The banks may have to go to Parliament for permission to charge more on consumer loans.



The Credit Union Bridge

Top to Bottom:

Thomas Wilson says it's important to invite the wives.

Ann Adams believes it's a chance to promote regular saving.

Jerry Steffen says entertainment makes a big difference.

## HOW ARE YOUR ANNUAL MEETING PLANS?

*These small credit unions report  
they are getting good  
attendance at their annual  
meetings without elaborate programming.*

**"C**AREFUL planning pays off in attendance, wider use of our services and increased membership," says Edward P. Knipper, treasurer of Perry Fay Employees Credit Union in Elyria, Ohio. "Our annual meetings help bring in the prospective members. Still, we are far from having reached our full potential, and that's why we look on each annual meeting as a challenge."

Perry Fay employees is one of 13 Ohio and South Dakota credit unions interviewed during a recent Bridge survey. All 13 groups are small. Their membership varies from 58 to 215. Their assets range between \$9,554 and \$95,052.

• Eleven of the 13 groups serve refreshments or a meal during their annual meetings. Door prizes, a speaker, films and various kinds of group entertainment are popular with a majority of the interviewed groups. Some encourage wives and potential members to come to their

meetings. Four credit unions prefer to meet on Saturdays.

• The annual meeting expenses of the thirteen groups vary considerably. Two of the credit unions interviewed have **no annual meeting costs at all**. Five groups report that their total costs were under \$50. And in only two cases did the meeting expenses for 1959 exceed \$150.

• Spending large amounts does not necessarily assure a good turnout, the Bridge survey reveals. The group with the largest meeting expenses (\$296.74) had between 40 and 45 percent of its membership present. And the group with the **largest attendance** (80 percent) had total direct costs of only \$15.

Here are the annual meeting experiences and practices of the thirteen credit unions which participated in the survey:

• **H of MSD Federal Credit Union**, Mitchell, South Dakota (137 members). Treasurer Thomas Wilson



reports that this meatpacking group tries to plan its meetings far in advance, and invites the members' wives to attend.

"Our method of drawing the wives to our meetings," says Tom Wilson, "is to let them know that they will be eligible to draw for door prizes—even if they are not members in their own right—provided they are present for the drawing.

"To give the ladies a more than even chance at our door prizes, we lay down the rule that every second door prize, even if the winning number is that of the husband, must go to his wife. Since all of our door prizes are Hormel meat products, it is really the family that wins, not the individual member."

H of MSD believes that it helps the member's understanding of credit unions by making the credit union a family project. Says Tom Wilson, "The most effective way of creating better family understanding and participation is through annual meeting attendance by the wives. This is not merely a theory with us. We have had many actual cases in which families began making full use of our credit union after the husband and wife had attended one of our annual meetings."

Attendance at H of MSD's meetings fluctuates from 40 to 60 per cent of the membership.

This South Dakota group serves a lunch after its business meeting. In addition, H of MSD tries to provide some musical entertainment and an out-of-town speaker with wide experience in the credit union movement.

H of MSD mails its annual meeting announcements two weeks before the meeting date to the members' homes, and finds that such a mailing allows ample time to the family to include this event in its plans.

"Our board acts as our annual meeting committee," remarks treasurer Wilson. "We have a full discussion of the meeting ideas of each of our board members. We find that this method is more effective than that of appointing a smaller group from the board."

• **Nelson Stud Welding Employees Credit Union**, Lorain, Ohio (198 members). "We usually rent a small hall, just large enough to accommodate 150 people," says treasurer Marcella Turton. "The hall belongs to a private club. We pay a rental fee of \$5.

"To announce our meeting to the

membership we use home-made posters on all shop bulletin boards and mail the annual reports of our officers and committees in advance to all members. In addition, we make wide use of word-of-mouth advertising."

Nelson prefers holding its meetings on Saturday afternoon. It usually has a speaker well-known in credit union work. None of the speakers has ever charged a fee.

After the speaker's presentation, Nelson offers sandwiches, with coffee and soft drinks. Wives and husbands are invited. Attendance at Nelson's annual meetings varies between 50 and 75 members plus a sprinkling of some 10 to 15 guests. The cost of the annual meetings fluctuates between



Ed Knipper says annual meetings give you a chance to sign up new members.

\$140 and \$155, including \$25 for door prizes.

• **Electric Products Employees Credit Union**, Cleveland, Ohio (189 members). "At the membership's request we changed our annual meetings from a week day to a Saturday night meeting," reports treasurer Harold Timlin. "We always have entertainment following our business meeting, usually a small orchestra for dancing and a buffet-style luncheon of sandwiches, doughnuts and coffee. During several of our meetings we have used door prizes. We try to keep the cost of the prizes under \$25."

Meeting attendance at Electric varies from 80 to 90 persons. This includes the members' wives, some

of whom do not have joint share accounts.

Electric's education committee is in charge of the annual meeting program. The committee usually begins its annual meeting work during November. This schedule allows the committee two months to plan, perfect and carry out all of its annual meeting arrangements.

Bulletin board posters and direct mail notices are Electric's principal annual meeting publicity tools. But at times it has also used special individual notes which request the member to detach the bottom section of the sheet to let the credit union office know whether he plans to be present at the meeting.

Here is a breakdown of Electric's 1959 meeting costs:

Hall rental	\$75
Orchestra	35
Refreshments	110
Door prizes	25
Program printing, postage for notices	51.74

Total \$296.74

• **Sioux Falls Manchester Federal Credit Union**, Sioux Falls, South Dakota (197 members). Manchester holds its annual meeting at its sponsor's snack bar, for which payment is not required.

The meetings begin with the business session and election. Then follows a showing of films. After the films, the group serves coffee, doughnuts and rolls. The total cost of all items connected with the annual meeting is usually under \$50.

Two annual door prizes have become a tradition at Manchester, one for the women, the other for the men. Both are cash prizes, either \$5 or \$10.

Manchester's president, Carl Brandon, says: "Most years we have shown credit union films to our membership. These films cost us \$1 rental (for the machine), and we find that they make excellent entertainment material; our members are unanimous in praising them.

"In addition, the films are very educational. They teach our membership additional facts about our credit union and the credit union movement; they help the members to make better use of our credit union services and facilities; and they serve as a popular yet low-cost entertainment."

Manchester's annual meeting turnout usually varies from 40 to 50 per-

sons. This includes the guests.

The board posts notices on all eight bulletin boards in the employer's plant. It also mails formal notices to members who are no longer in the sponsor's employ.

• **Whitjax Employees Credit Union**, Cleveland, Ohio (58 members). "We held our earlier meetings in our mill," says treasurer Ned P. Wise. "But we are planning to hold our next annual meeting in a restaurant."

"Since our assets are just under \$10,000, we can't afford to pay for meals. But we are planning to share the dinner expenses. Whitjax will pay 50 cents toward the meal of each member and guest. The members will pay the balance. Our business meeting will follow the dinner."

• **Air Guard Federal Credit Union**, Sioux Falls, South Dakota (210 members). "We generally start out with our business meeting and then serve a lunch at the credit union's expense," says treasurer Donald M. Campbell. "Usually our meetings are on the base. For several years we met at the NCO club and had our meal catered in. Our attendance usually runs from 30 to 40 percent of the membership. We encourage the members to bring their wives along because we find that, if the wife can be convinced of the usefulness of the credit union, then the entire family soon begins to make regular use of our services."

Air Guard's program has varied from showing credit union films to giving cash door prizes. Following the meal, the group usually has a dance. Thursday is Air Guard's preferred meeting day. And the group's favorite meeting hour is 7:30 p.m.

• **Sioux Falls Argus Leader Federal Credit Union**, Sioux Falls, South Dakota (132 members). Says treasurer Wally Lutz: "We have had three annual meetings. Our first one was reasonably small. We had 45 percent of the membership turn out during a night when the temperature was 25 below zero. The turnout for our second meeting went up to 40 members. But since we had grown in the meantime, this represented only 40 percent of our membership. The third time we had 55 members present."

"Last year we met at a milk company fountain room, which provided us with ample recreation space, plus free ice cream. We have to make ar-

*(Continued on page 28)*

## FROM THE MANAGING

### DIRECTOR:



## APPRECIATION TO VOLUNTEERS

**V**OLUNTEERS have been primarily responsible for the rapid growth of the credit union movement. They have organized credit unions and credit union Leagues and CUNA and its affiliates—and made all of them grow. This is as it should be, for a movement such as this must always be one pushed on by peoples' desire to serve their fellow men. There will need to be many paid employees—in growing number—to do much of the detailed work of credit unions, but the motivation for the movement must be from volunteers or it isn't a "movement"!

### More volunteers are needed

They're needed in greater and greater numbers. Thousands of credit unions are waiting to be born on the continents of the Americas and throughout the world. There are many groups of employees of a common employer numbering more than one hundred (the most usually accepted minimum potential) in every province, state and country. And there are two other common bonds as well—that of the small community and that of the association (it may be a church or a club).

Volunteers are and will do the basic job of finding these potential credit unions and finding the potential leadership in those groups upon which to base the credit union's start in life. The Leagues will, of course, give technical assistance to the starting of every

credit union in their areas—but the volunteers will do the finding and the starting.

### Motivation

There are volunteers in the credit union movement because there are people who just like to do things for other people without getting paid for it. Pay for their work would stop the work of many of these fine people—but we can recognize that work and give them public credit for it.

### Give them more responsibility

Many of these volunteers can be added to credit union "official family" with great benefit to the movement. As they become valuable to credit unions and Leagues, how about putting them on committees and boards and putting them into positions of greater and greater responsibility in the movement?

### Never ending need for leadership

It is and always will be needed in every area of the credit union movement—more and better leadership! We don't need to drop from the positions they now hold any valuable leaders, but we do need to make room for those who are coming up. Doing so will encourage more and more volunteer leadership development. Not doing so will soon stifle leadership development, and even the movement itself.

*H. Vance Austin*

# IT'S A CREDIT UNION

*The world extension department of the Credit Union National Association is in touch with people in all parts of the world, some of whom have now organized credit unions, while others are getting deep into the study stage. Here, in a brief interview, Olaf Spetland answers some basic questions about the credit union movement around the world.*

**Q** Is it true that your department has found interest in credit unions in nearly every country in the world?

**A** Since the CUNA World Extension Department was established in 1954, we have been in contact with 82 countries on all continents. This doesn't mean that every one of these 82 countries has a definite credit union program going, but at least some credit union information has been channeled to these countries either by mail or through visitors to CUNA and our overseas offices. The emphasis in the past few years has been on Asia and Latin America, lately on Africa. My guess would be that there is credit union organizing and promotional activity taking place in about 45 countries outside the United States and Canada.

**Q** How do you explain this wide interest? Is the situation different from the '30's?

**A** The reasons for credit union interest vary from

country to country. In general, I think it would be safe to say that as more and more countries throughout the world gain independence and a higher stature in world economic affairs, they are looking for methods of elevating the standard of living of their people. The credit union fits naturally into this concept as an agency of savings, loans and an education in democratic principles and electoral methods. The fact that they have turned to CUNA for help, I believe, is due to the spectacular growth and importance of the credit union movement in North America.

There were inquiries about credit unions from overseas coming into the Extension Bureau and into CUNA in the '30's. For instance, the first credit union in Norway, organized among railroad employees, came about after a visit of some labor leaders to the Bureau office in Boston—about 1927. The number of inquiries and requests for assistance have increased every year for the reasons I have stated already. Another reason might be that more



# WORLD

Olaf Spetland, born in Norway, has headed the CUNA world extension department since 1955.



credit union literature is now being spread throughout the world by U.S. government officials, missionaries, tourists and our own field staff.

**Q Do you think the potential is as great in the industrial countries as in the underdeveloped countries? Do you go about helping people in these kinds of countries differently?**

**A** Eventually the now underdeveloped countries will become developed and industrial and, as far as the long-range potential is concerned, it would be practically the same. However, at the present stage, organizational and promotional activities in the various countries differ considerably.

In a highly industrialized country such as Australia, for instance, the main problem in promoting credit unions is very much the same as in the United States and Canada, a method with which most readers of *The Bridge* are familiar.

In an underdeveloped area where illiteracy is a problem, organization and promotional activities take quite a different form.

It is customary for our fieldmen and voluntary organizers to spend sometimes as much as an evening a week for about half a year before the credit union is organized. This first study group is usually small and will eventually form the nucleus of the new credit union. It is expected, and it works, that the individuals of this first group will be able to instruct groups of potential members following their study period. After the credit union has been organized, much more stress is put on continuous membership education than is the case in North America. In some cases new members will have to go through several hours of training before they are accepted into membership in the credit union.

**Q Let's talk about the underdeveloped countries**

Left to right:

The Raiffeisen rural credit unions of Germany, ancestors of the movement, are now spreading rapidly into consumer loans.

Japanese visitors came to Filene House in Madison, Wisconsin, recently, to learn about credit unions.

Fijian credit union officers ride to a meeting. Joane Naisera, managing director of the Fiji League, smiles at the extreme left.





A Peruvian supervisory committee settles down to an audit. The Peruvian League is the latest to join the Credit Union National Association.



A banner across the street in a section of Santiago de Chile advertises a credit union and a consumer cooperative. Carlos Matos of the world extension department stands to the right of the tree, talking with the parish priest and Father Piroto Perez, who is educational director of the Chilean Credit Union Federation.



for a while. What is the outlook for credit unions in the new independent countries in Africa?

**A** Although the World Extension Department has had no funds to do work in Africa to any extent, the movement is off to a good start in Ghana and Nigeria. This is mainly due to missionary priests of the White Fathers order in Ghana, and to government and cooperative officials in Nigeria. Increased interest has been shown in Liberia, Sierra Leone, Tanganyika, Kenya, Uganda, Rhodesia and Basutoland. It has been possible for us, in co-operation with other agencies, to train people from Nigeria, Uganda and Basutoland. I could also mention that on the island of Mauritius, off the coast of Africa, the first credit unions will be organized later this fall among dock workers and civil servants.

There is a definite need for more concentrated effort on credit union promotion in Africa. We hope to be able to send one of our staff members to Africa in 1960 and 1961, and on the basis of his findings be able to outline a definite program of credit union promotion. We are currently working very closely with the White Fathers mission and with the World Lutheran Federation on credit union promotion in Africa. We also hope to get some results by cooperating with the newly established office of the International Labor Office in Lagos, Nigeria.

**Q** In South America there is a good deal more industry than in Africa, isn't there? Does this affect the outlook for credit unions? How did the Peruvian credit union movement happen to develop so fast?

**A** I don't believe the presence of industry has much to do with the potential of credit unions except that more industrial credit unions can be organized in an industrialized country. Take, for instance, the case of the Fiji Islands where there is practically no industry at all and where the credit union movement is very highly developed. Although we organize and assist in organizing credit unions in industrial groups wherever industry is located, most credit unions overseas are community credit unions. A small exception might be Chile and Peru, where about one-third of the credit unions are industrial groups.

Our efforts in Peru have been very gratifying. This was the first pilot project started by the CUNA World Extension Department. We assigned our first fieldman to Peru in 1955. There are now about 90 credit unions in Peru, and the Peruvian League was formed last April, and became a member of CUNA at the August meeting of the Executive Committee. The first credit union had already been started by Father Daniel McLellan before Carlos Matos and I arrived in Peru in October of 1955. Carlos and I surveyed the situation, visiting with government leaders, labor leaders and civic leaders, and

(Continued on page 20)

Eight credit unions in Western Samoa recently organized a credit union league. Father Marion Ganey, who organized these groups, can be seen in the second row near the center.

# THERE'S A PATTERN TO NEW CAR PRICES

*Net prices on new cars are always lowest before new models, as shown by the monthly surveys of the Bureau of Labor Statistics.*

**E**VEN if automobile manufacturers "hold the line" on prices of their new models, you can expect that the government's index of new car prices will take a leap this fall.

This leap occurs every fall; and the Bureau of Labor Statistics is proud of the fact that it does. For the annual rebound in the price index for new cars is regarded as a sure sign that monthly reports which the Bureau has been collecting are on a realistic basis, and that they accurately reflect the prices which people have been paying for cars.

The habits of the auto market have made this price pattern inevitable. Because of price concessions, trade-in allowances and other variables, the true selling price of cars is constantly fluctuating. An index which records the movement of true selling price is inevitably high in the fall when the new models appear. Then it slips gradually downward so that, by the final months of the model year, sales prices ordinarily are 8 to 14 points below the original mark.

In addition to its report on new car

prices, BLS also prepares a separate monthly index of used car prices. Here, too, there are frequent fluctuations, but the cycle is nowhere near as consistent as the price cycle for new cars.

Probably no other part of the consumer price index has represented so much of a challenge to BLS as the report on automobile prices. Anyone who has tried to buy a car can appreciate the problem government "shoppers" face when they try to determine true price on a month-to-month basis. Yet it is a job which has to be done because automobiles are such a significant factor in the living costs of most American families.

## More car dollars

As we have become a nation on wheels, expenditures for autos—in comparison with other items in the consumer price index—have been on the rise. On the eve of World War II, for example, surveys showed that car purchases accounted for 2.3 percent of family expenditures. By 1950, they had reached 4.8 percent on a nation-

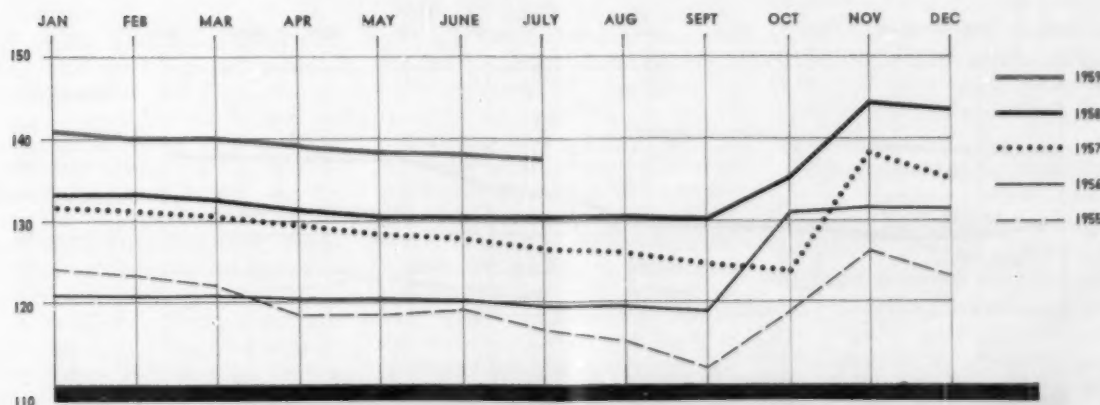
wide basis, but varied from as low as 2.5 percent in the densely populated New York metropolitan area to more than 9 percent in some suburbs of Los Angeles.

From the time it first approached the problem in the mid-1930s, BLS debated what to do about used cars. While one out of four families buy a car in any given year, surveys showed that the people BLS is most concerned with—wage earners and clerical workers—bought used cars more often than new.

From preliminary studies, however, the pitfalls facing an index of used car prices in the mid-1930s seemed insurmountable. While the Bureau retained as its goal separate indexes for new cars and used cars, it decided that fluctuations of used car prices were so closely tied to new car prices that the used car index could be postponed.

With the introduction of the index of new car prices in March 1935, BLS also conceded the hopelessness of an index which would attempt to reflect price variations for the infinite variety of makes and models. While it offered

HOW RETAIL PRICES OF NEW CARS VARY



Since 1955, the drop in car prices before the new models appear, has been pretty uniform.

what is called an index of new car prices, in reality it confined itself to cars most frequently purchased by wage earners and clerical workers—the most popular models of Ford, Chevrolet and Plymouth.

As a basic principle, the BLS consumer price index reflects price trends, not total expenditures. By confining itself to the most popular models, it provides an index which reflects price changes for roughly similar identifiable products from one period to another.

Ideally, the index would reflect only cars of equivalent quality from year to year—the same make, the same body style, the same or equivalent price series, and the same number of cylinders as the car which was priced in the preceding year. More than any other commodity, however, cars are in a state of constant evolution. Some changes, such as style and horsepower, are beyond measurement, so far as a price index is concerned. On the other hand, BLS soon discovered that an index which failed to measure such features as radios, directional signals and automatic transmission, would lose touch with reality. So these features are included.

Originally BLS was content to maintain "comparability" by concerning itself only with a basic car—a car with standard equipment, plus (1) factory handling and advertising charges; (2) federal excise taxes; (3) transportation from factory to dealer; (4) local handling and advertising charges; and (5) state and local taxes.

But as the public responded to the

"extras" which the auto industry dangled in front of it, BLS recognized that it had to find a way to measure the change in price for the actual kinds of cars people were buying.

Since July 1954, it has abandoned its "basic car" yardstick for an "equipped car" concept. In addition to the price of the basic car, its field representatives collect information about the extras which are included in the majority of deals. At the same time, however, they also ask about price concessions—the discounts which dealers give in order to complete a sale.

### No sneaky stuff

There is nothing subtle about the methods BLS uses to determine the price of cars. In particular, there is no truth to the notion that it has "undercover agents" shopping the market, haggling with harrassed salesmen to see how "hungry" the dealers are.

Actually, when it sets out to price cars, BLS lays its cards squarely on the table. In 46 cities, some monthly, some quarterly, its representatives go to two important franchised dealers for each of the three leading "low-priced" makes. Dealers are asked to fill out a form which provides a "profile" of each transaction in which BLS is interested. Since the same dealers are used month after month, a spirit of mutual trust develops.

In addition to basic car, the question form asks about extras—radios, heaters, automatic transmissions, and so forth. For each sale, the dealer also itemizes the concession allowed on the

equipped car price, leaving a "net delivered equipped car price," which BLS can use in computing its index. Interest, financing fees, and repair service contracts are specifically excluded from the index, and are not measured.

The standards in current use regard as the basic car the 1959 Ford Custom 300, the Chevrolet Bel Air, and Plymouth Belvedere, all 8 cylinder, 4-door sedans.

The "equipped car" concept was adopted in 1954. Since then the index has admittedly no longer reflected, over the long period, price changes for identical products. Actually, however, the change has had relatively little effect on the index itself.

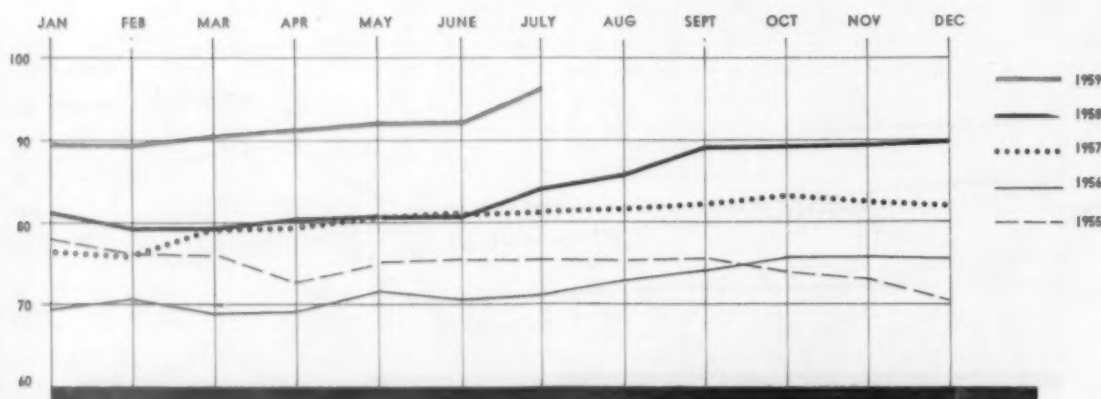
Where the index formerly measured the percent of a change for only a basic car, it now measures the change for the basic car plus the change for extras which are generally purchased with the car. Since it continues to measure price trends rather than total expenditures, the rise shown by the index—though substantial—is smaller than that shown by simple averages of prices paid for new cars.

### Allowing for extras

But while the cars covered in the index are no longer comparable over a period of years, BLS has devised special computing procedures to make sure that identical vehicles are reported from month to month.

Inasmuch as optional equipment sold with the equipped car varies from dealer to dealer and from time to time, the Bureau computes the published index using the total price of a car

## HOW RETAIL PRICES OF USED CARS VARY



Prices of used cars do not vary like new cars.

with identical equipment in the current and preceding period.

Thus, if a dealer drops, say a heater, from the description of the equipped car in April, but has included it in the preceding period (March), the price for March is recalculated omitting the heater. The April price is then divided by the recalculated March price to obtain the relative price change.

Similarly, when equipment is added to the equipped car priced in the preceding period, the Bureau's representative obtains the price which has been charged for the additional items in the preceding pricing period, and the price for the preceding period is adjusted accordingly. On a month to month basis, consequently, changes in optional equipment do not change the level of the price index. In January 1956, when automatic transmissions were added to the specifications for "equipped car," the transition occurred without any actual change in the level of the index.

The index of new car prices was in use 17 years before BLS arrived at an acceptable basis for the index of used cars. This was another kind of problem.

Prior to World War II the Bureau was convinced that price trends for used cars were represented satisfactorily by price movements of new cars. In the postwar period, divergent trends in used and new car prices showed this assumption was no longer valid.

### Monthly from 1953

Beginning in January 1953, BLS stepped up its new car index from a quarterly to a monthly reporting basis. At the same time, it introduced a separate index for used car prices, also monthly.

Expenditure studies indicated that the same three "low-priced" makes—Ford, Chevrolet and Plymouth—accounted for roughly half the used car sales. But in setting up a used car index there were special hazards arising out of the condition of the car, the popularity of a specific model, the nature of the extra equipment, the financing arrangements and other bargaining considerations.

In its effort to develop a used car price index, BLS first tried to interview dealers as it does for its new price index. Soon, however, it discovered that sales of any one model in a given month, even in large cities, are

so scattered that reporting costs would be prohibitive. Classified ads and wholesale auctions were investigated, but they proved to be unreliable, so far as the actual selling price of popular models was concerned.

Ultimately the problem was resolved through an arrangement with National Automobile Dealers Association. Under this arrangement, the association provides BLS monthly with information about sales of three important models of each of the three low priced makes during the first ten days of the month in each state and the District of Columbia. While the sample and number of transactions varies from month to month, ordinarily it involves 6,000 to 12,000 cars.

### Weights and adjustments

Once the information is collected, both indexes—new and used—are "weighted" in an effort to make them representative. Through an "area weight" more emphasis is given on data from the Far West and other sections where expenditures for autos have been above average. A "make weight" is used so that sales of Chevrolet, Ford and Plymouth have an influence in proportion to their sales volume. In the used car index, an "age weight" is introduced, because surveys show that a somewhat larger proportion of used car sales involve cars which are between four and five years old.

One of the more complicated procedures which emerged as BLS considered the attributes of a used car index was a factor called "gradual depreciation." It became important because the index, in reporting price trends, tries to eliminate the effect of aging on price.

Since its goal is to compare the price of a specific car with the price of a similar car that was the same age a year previously, BLS has devised a procedure for computing the depreciation factor each month. By adding this factor to the price of the older car, it ends up, in effect, with a situation where it compares two successive models of a car of unchanging age. Without this adjustment, technicians say, depreciation would depress the used car index by 20 to 25 percent in the course of a year, and create a correspondingly large rise in the month when the next model becomes three years old.

The auto index has attracted par-

ticular attention recently because new car prices have been among the most active segments of the consumer price index. Rises in car prices have been greater than most other commodity prices. On a 1947-49 base, the index of new car prices was 137.3 in July, compared with 124.9 for the entire consumer price index. Since autos now represent about 4.3 percent of the price index, an 8 to 14 point jump in the new car index when the 1960 models appear could mean an increase of a third to a half point in the entire consumer price index. In contrast with the new car index, Food was 119.4 in July; Apparel 107.4; durables other than cars 103.5.

On the other hand, services rose faster. Rent was 145.8; public transportation 180.9 and medical care 156.5. Used cars, with January 1953 as 100, were as low as 69.9 in January 1956. By July 1959 they had reached 96.1, their highest level since April 1953.

### Revision due in 1961

Like other portions of the consumer price index, the formula for computing auto prices may be in for revision after BLS makes its next nationwide study of consumer expenditure patterns, now slated for early 1961.

In the expenditures study, BLS collects vast quantities of information about budget patterns for families in various occupational, income and geographic groupings. Each previous expenditure study—at 10 year intervals—led to extensive shifting of such factors as "area weight" and "make weight."

Several of the medium priced cars have battled Plymouth in recent years for third place in new car sales. If their sales are substantial among wage earners and clerical people, the new or used car index may be broadened to include some of the medium-priced lines.

Also under study at the present time are the domestic economy cars—Studebaker Lark, Rambler American and the new economy models of the Big Three. Because of their known appeal to the same kinds of people who have been buying Fords, Chevrolets and Plymouths, the "economy cars" may be added soon to the BLS sample, without awaiting results of the nationwide expenditure study.

## 1,000,000 IDEAS

(Continued from page 3)

quently I have to admit that I don't know the answer myself. But I make it my business to get the answers from competent authorities before the committee's next meeting."

Each Whirlpool education committee member has a notebook with detailed information concerning his credit union's: (a) method of operation, (b) organizational structure, (c) savings and loan policies, (d) interest rate, (e) dividend source and policies and, (f) protection of members' savings. The notebook also contains samples of the various pieces of literature which Whirlpool circulates among its membership.

The education committee uses three types of distinctive identifications which make it easier for members in the plant to locate and contact them.

**Pocket Savers.** The members of the education committee wear pocket savers in their shirt pockets. These pocket savers are decorated with the "Little Man with the Umbrella" emblem and bear the words "Education Committee" in large capital letters.

**T-shirts and jackets.** The committee's fifteen members also wear T-shirts and heavy jackets with the "Little Man with the Umbrella" emblem and the words "Education Committee Whirlpool Federal Credit Union" imprinted in large letters. In the case of the T-shirts, the imprint is on the back. The jackets are imprinted in front.

Says a Whirlpool officer, "These two garments constantly remind the members of their credit union. They identify the wearers as credit union representatives. And they also give our committee members a sense of importance because the other members look up to them for advice and counsel in financial matters."

**Membership drive.** During the fall of 1958, Whirlpool's education committee sponsored a membership drive which concluded with a masquerade ball and dance. Combined with the drive was a campaign to elect Whirlpool's "Credit Union Family of the Year." Both old and new members were eligible to participate in the voting. Local merchants donated prizes for the winning family. This campaign brought a total of eight hundred new members to Whirlpool.

Whirlpool held a large-scale open house in conjunction with its 1958 membership drive. Two players of the Cleveland Browns signed footballs for the youngsters. The board and committees had desks from which they answered the visitors' questions about the operation of the credit union.

**Member - of - the - month.** Last spring the committee developed the idea of selecting each month a "Credit Union Member-of-the-Month" in recognition of outstanding civic work in the community. An article in the monthly employee publication carries the member's picture and name, and describes his contribution. The honored member also receives a pen and pencil set, on which Whirlpool engraves the "Little Man with the Umbrella," his name, and the words "Credit Union Member - of - the - Month."

Since the award was instituted last April, it has been given for outstanding civic work in these areas: (1) Alcoholics Anonymous, (2) saving a stranger's life, (3) displaying exceptional initiative in helping flood victims, (4) aiding and visiting the sick in the community and (5) for making an outstanding contribution to the community's youth work through Little League, Boy Scout and school activities.

The entire education committee discusses and makes the awards. "We plan the setting of the award ceremony carefully," says education committee chairman Ronnie Collier. "Our procedure is to find a time when all committeemen can get together. Then our entire group goes to the honored member and surprises him at his work bench or desk."

**• Keeping the membership posted.** All members hear from Whirlpool at least bi-monthly through the mails. These mailings include the group's membership bulletins and CUNA Supply literature. Other direct mailings consist of special membership campaigns, get-well notices to all sick members and birthday greetings. In addition, Whirlpool follows a policy of enclosing a piece of literature with every item leaving the office.

The employer's personnel department informs Whirlpool of all illnesses. And the data for the birthday greetings are supplied by Whirlpool's special birthday file which is arranged by months and subdivided by dates. Both the get-well cards and the birthday greetings bear the individual

signatures of all four Whirlpool employees.

Comments credit union president Glenn Pettys: "Our staff's get-well notices and birthday greetings are creating a lot of good will for our credit union."

**• Financial counseling.** Whirlpool counsels its membership in three ways: (1) Through personal counseling sessions in Whirlpool's three interviewing booths, (2) through occasional articles in *Whirlpool Parade*, the sponsor's employee magazine, and (3) through frequent comments in the group's bi-monthly membership bulletin.

"We tell our members about the pitfalls of freezer rackets, blank-contract deals and buying from unethical sales operators," Kusmer points out. "And we encourage the members to check blue book values with the credit union office before concluding car purchases."

"We have at least one finance company loan consolidation every day. I would estimate that during the last year our credit union has paid off finance company obligations to the tune of \$250,000. In the past, we have frequently intervened on the members' behalf to protect them from unethical finance charges, repossessions and deficiency sales charges. But we have noticed a marked reduction in the number of these complaints recently."

**• Problems.** "In the past we have had five serious problems," says Bob Kusmer. "We identified and recognized these problems several years ago. And we are now trying to overcome them through intensive member education."

**Lack of operational efficiency.** This problem halted Whirlpool's growth for many years. It has now been completely overcome. But the group continues to review its operational efficiency. Comments Kusmer, "One of the greatest threats to further growth is complacency. We cannot afford to fall behind with our operational techniques. For this reason we periodically examine our method of operation and compare notes with other credit unions."

**Inadequate communication with the membership.** Failure to have adequate member communication resulted in sporadic use of Whirlpool's services, Kusmer reports. The members did not know enough about the credit union, did not understand

its operation and were not kept up-to-date with credit union activities and progress. More and more, the members lost interest in the credit union.

**Insufficient participation by board and committees.** This was another result of the group's earlier failure to establish adequate lines of communication and education. One of the by-products of the general lack of interest in the credit union was the attendance at the 1955 annual membership meeting. Only twelve members were present.

The 1959 annual meeting stands in marked contrast to the 1955 event. It reflects the change of attitude of board, committees and members. A thousand members and guests paid \$1 each to participate in the meeting, hear the speaker, share a dinner and be present for a dance and door prizes.

**Excessive dividend consciousness.** "We have overcome this membership attitude now," reports Bob Kusmer. "Of course it took some intensive educational work to help the members understand why it is impractical to pay high dividend rates. But they now appreciate the role which dividends play in credit union operation and philosophy."

**Delinquency.** In 1956 some 20 percent of Whirlpool's loans were delinquent. During the last three years the group's board and committeemen spent a great deal of time and effort to overcome this problem. They were successful. And today the group's delinquencies are down to .7 percent.

**• Recession Experience.** During the 1957-58 recession, 30 percent of Whirlpool's members were laid off.

As soon as news of the lay-off reached the credit union, Kusmer immediately sent a letter to all laid-off members. In this letter he told them (1) that their membership at Whirlpool would continue although they are not on the payroll at the moment and (2) that they would get Whirlpool's help in working out their individual problems. If necessary, the letter announced, their payments could be extended or lowered.

Comments Bob Kusmer, "Our members appreciated hearing from us. And by being reminded that we expected them to meet their obligations to their fellow-members in spite of their temporary economic hardships, they began to feel that they should give some serious thought to the best way to meet their credit union pay-

ments. We invited all our laid-off members with loans to come into our office for individual interviews. And we helped them to work out their own payment schedules.

"Many of our laid-off members with loans made small payments regularly while they were looking for other employment. Others had to borrow more from us in order to tide them over during the early payless weeks. Our total loss due to the members' unemployment was only \$500.

"Unfortunately some of the effects of the recession are still with us today. Only a very small number of the men who lost their jobs last year have been rehired. On the other hand, we are proud that we have not had a single lawsuit or repossession as the result of this large lay-off."

Whirlpool has also worked out some ingenious operational methods that help make the education and promotional program effective. For instance:

**• Daily Summary Envelope.**

Whirlpool uses a large daily summary envelope to keep *all* daily records available for future reference as compactly as possible. This manila envelope contains all of the day's transcripts of the individual posting record, total amount of disbursements and receipts as they are distributed on the controls, receipts for share withdrawals paid in cash, voucher slips for cash withdrawals, receipts for funds received, duplicate bank deposit slips, tellers' cash drawer balancing sheets, transfer vouchers, and tape balancing disbursements and receipts with the posting machine.

**• Car Insurance Control File.** Each day Whirlpool examines its car insurance control file to make sure that all insurance policies on credit union-owned chattels are current. It takes about fifteen minutes to review the individual members' cards in this file. But Whirlpool considers this time well spent because it assures the members that their investment in car loans is adequately protected.

**• Payroll Deduction Form.** Whirlpool has devised its own payroll deduction form. It permits the member to list on a single sheet the total amount as well as the desired distribution to shares, loan, Christmas or Vacation Club.

**• Reminder Envelope.** To remind members who have not contacted the credit union after their payments have fallen behind a week, Whirlpool sends

them a self-contained notice with a reply envelope.

**• Checks.** Whirlpool uses three different types of checks. One is for share withdrawals, the second for loans, the third for expenses. Each type of check has its own color. "This facilitates bookkeeping and reduces auditing time," reports Bob Kusmer. "The distinctive colors are a considerable convenience for our staff. And they do not increase the printing costs of our checks in any way."

**• List of Potential Members.** "We keep an up-to-date file of potential members," says bookkeeper Irene King. "It contains each non-member's name, address and payroll classification. This list is arranged alphabetically."

In the same file drawer Whirlpool maintains a separate file of the birthdays of its potential members. This file is arranged by calendar months. And the months are subdivided into days. One of Whirlpool's girls goes through the birthday file every day. And whenever a non-member has a birthday, the credit union sends out a greeting card signed by all four members of Whirlpool's staff.

**• Non-Payroll Deduction Tickler File.**

Borrowing members who do not use payroll deduction to repay their loans are listed in a tickler file. This 3 x 5 file contains a card for each of these borrowers. It is arranged alphabetically. And each card lists in large red letters the monthly due date of the member's payments.

**• Control Cards.** Whirlpool has broken its controls into twelve sections: (1) family accounts; (2) children's accounts; (3) Christmas club; (4) profit and loss accounts; (5) delinquent accounts; (6) former employees; (7-10) hourly employees; (11) salaried employees and (12) recap of all other controls. These controls enable the manager to determine at a moment's glance the total amounts involved in each group of accounts.

Says the credit union president, Glenn Pettys, "We think we can build up our credit union to be the biggest thing in the economy of our community. What our members need is more financial counseling. The people of the community need it too. If we can find a way to meet this need, we will enter a new frontier in helping others with their financial planning."

## CREDIT UNION WORLD

(Continued from page 14)

decided on the basis of the friendly atmosphere to establish our Latin American office in Lima.

José Arroyo Riestra was assigned to work in Peru in May 1956. José worked very closely with Father McLellan, who concentrated on organizing parish credit unions while José worked on industrial, fraternal, labor and agricultural groups. This team work, plus the fact that we were able to supply them with adequate material in Spanish and, I believe, some technical advice, explains the fast and sound development of credit unions in Peru.

**Q In the Philippines, as I recall, there have been credit unions longer than in these other underdeveloped areas. What has been the experience of these credit unions recently?**

**A** The first credit unions in the Philippines were organized about twenty years ago by The Reverend Allen Huber. There are today approximately 200 functioning credit unions in the Philippines. Many of these are excellent credit unions; however, the problem of the movement is that there is no central organization to advise them and bind them together for common action.

The result is that there is no standardized bookkeeping system, policies vary greatly, and some credit unions have even branched into activities which, in my opinion, are not good for a successful development of credit unions. The situation was even more complicated by the fact that two groups within the movement were fighting each other—both organizing what they called “national organizations”, but neither of them giving any service to the movement. When I visited the Philippines in 1957, I brought back with me a request for assistance of CUNA in the organization of one effective national organization. We would like to send an experienced fieldman to the Philippines to help them set up such a central organization.

The situation at the present time is that we do not have money to send a man to Southeast Asia full time. We hope, however, that a staff member will be able to work two or three months in the Philippines next spring and help them set up an effective central organization.

**Q We all know something of the story of the credit unions in Fiji. I have heard you say, I think, that these are the most effective credit unions you have ever seen. Would you mind expanding on this? Are they different from credit unions elsewhere?**

**A** You have heard me say that the Fijian credit unions are the most effective I have ever seen. It was my privilege to spend almost a month with the Fijian credit unions back in 1957. During that period I visited about 80 credit unions, examined their books, talked to their members, had meetings with their boards, and so on. Of all the books I examined, only one was off two shillings, which was due to the treasurer's neglecting a double-posting of one shilling. All the others were up to date or closed as of the day before. I should add that none of the credit unions knew I was coming.

The credit unions in Fiji are operated exactly like

ours. The reason for their success, I believe, is Father Ganey's and Joane Naisara's method of organizing the credit unions—combining traditional Fijian customs, such as dances, sitting on mats and ceremonial drinking, with credit union meetings.

I have seen many other good credit unions around the world, but on the whole the movement in Fiji is undoubtedly most successful of all in underdeveloped areas.

**Q We are all interested in India, and we remember that Filene saw credit unions in operation in India before the Massachusetts Credit Union Act was passed fifty years ago. What has happened there?**

**A** It would be wrong to even say that there is a credit union movement in India today.

The societies which Filene was inspired by were set up by British civil servants and did, in many ways, resemble the original Raiffeisen societies. However, at all times credit cooperatives or credit unions in India have had access to outside capital, which has killed the incentive of savings. In the early years the outside capital came from the deposits of non-members and from loans from banks and local governments. Most of the societies were in very bad shape by 1948, when the government of India charged the Reserve Bank of India with undertaking a survey to determine how the credit cooperatives could best serve the rural population of India. At that time, according to the survey, credit cooperatives were taking care of only 3 percent of the credit needs of the farmers in India. The recommendations of the commission which were followed were that the Reserve Bank of India funnel government funds to state banks which, in turn, lend capital to local centrals which, in turn, upon application from individual members of the credit societies decide on loans for members.

This, of course, means that the membership control and what was left of the incentive of savings is completely gone. The plan has not worked very successfully. In particular, the repayment of loans is extremely slow.

There are a great number of city credit cooperatives which in many ways resemble credit unions; however, again, capital comes from outside rather than from savings of the members.

Five credit unions have been organized in various parts of India through correspondence with the World Extension Department. A couple of these are registered under local laws, which indicates that a credit union development in India is possible.

**Q No doubt many people have felt that you simply cannot ask people with such low incomes as you find in India and other similar areas to save money in a credit union—that in order to do the job you have to supply capital from outside. Could you demonstrate that very poor people can actually save enough money to create an effective credit union?**

**A** In considering growth and development of an area, you have to have clearly in mind what you are trying to accomplish. There are a variety of government programs, some of them sponsored by the International Cooperation Administration of the U.S. State Department, by which loans are given to farmers in a country such as Peru, for instance, and quite strictly supervised by agents. This is similar to our own farm credit schemes during the de-

pression. In this way, money is available immediately; however, when the program is over, the population is little better off than when the program started. No local capital has been accumulated, and the participants have not had the experience of running their own organization.

Under the credit union system it is quite different. The money is not immediately available, since the possibility is that the members can save only a few pennies a month. But, if you have 200 members saving a few pennies a month, soon you have enough to give the first loan for an ox, for some fertilizer, for a bicycle, or whatever the situation might require. While the first loan is being repaid, members continue to save, and soon the second, the third and the fourth loan can be given out. I know from experience that it actually does not matter how much can be saved. A credit union operates just as effectively in an area where the annual income is \$50 as among automobile workers in Detroit with an average income of approximately \$6000 a year. The reason is that the loan amounts are proportionate to the ability of savings and the income of the area. A man in Peru or in Fiji with an income of \$50 to \$100 would not borrow \$3,000 for a new car, but more likely \$10 or \$15 for a sewing machine, an ox or a fish net.

And in addition to running their own credit union, the people learn a little about democratic processes and are given some hopes in other fields also, knowing that they can do things themselves.

**Q What about the illiteracy problem? How can you run a successful credit union in a village where people cannot read and write?**

**A** It would be impossible to run a credit union in a village or area where nobody could read or write. It is, as you know, necessary to keep books in order to have a successful credit union. However, in most areas of the world there are always two or three people who can read and write and know some arithmetic.

Successful credit unions are operated in areas where illiteracy is as high as 90 percent, particularly in Africa and in certain parts of Latin America. In these cases, usually the school teacher or the minister or priest has to be active in the credit union during the early stages, to instruct in keeping the books and so on. An interesting situation has arisen in the credit union in Jirapa, Ghana, where membership in the credit union actually has provided an incentive for the people to learn to read and write so that they can become officers of their credit union.

**Q In the last 20 years we have been flooded with literature by anthropologists in which it is often pointed out that a social institution cannot be lifted out of one cultural pattern and planted in another without extensive readjustment and adaptation. Can you actually take the kind of credit union we have here in the United States and Canada, set it down in a village in the Philippines and expect it to work?**

**A** My answer to this question is almost an unqualified "yes". The basic principles of credit unions are adaptable anywhere. It is the basic principle of working together, which is as ancient as mankind. In underdeveloped areas people are used to working together on either

a tribal basis or the basis of living in the same village. They have taken turns harvesting for each other, building houses and fishing together. The credit union is merely another form of this ancient way of cooperation.

Certain changes have to be made when organizing a credit union overseas, but these are primarily because of local laws and government requirements, rather than traditions among the population.

**Q Another question along the same line: If you organize a credit union among a group of rural people in an underdeveloped country and then go away and let it operate under its own steam, what are the chances that it will keep going?**

**A** All credit unions wherever they are located need a good foundation to be successful. This also goes for a credit union in an underdeveloped country. The main thing is that our field representative or volunteer organizer is able to create a nucleus of leadership which can take over when he leaves for other areas. As far as I know, liquidations overseas are considerably lower than in the United States and Canada.

**Q Evidently there are some differences between the way you organize a credit union in these countries and the way in which you organize one here. We have heard a lot about "study clubs". Does your department recommend extensive use of the "study club technique"?**

**A** I believe I have answered part of this question already. We do believe in the use of study clubs, but not to the extent that the member or potential member has to study so much as to drive him away from credit union membership. I would rather say that we believe in a good educational program previous to the organization of the credit union, to be continued as the credit union grows.

**Q Are there other organizations besides ours organizing credit unions in underdeveloped countries? Do we have some sort of coordination with them?**

**A** A number of church organizations and international agencies are interested in promoting self-help programs overseas, including credit unions. In the cases where they do promote credit unions we are usually asked for advice, and work very closely with them. In this connection I should mention that CUNA presently is applying for consultative status with the International Labor Office, the Food and Agricultural Organization of the United Nations, and UNESCO in order to be in a better position to work with them on credit union promotion.

**Q Now let's talk about the industrial countries in Europe and elsewhere. First, Australia—apparently things are coming along well there. How did that happen?**

**A** There are now 115 credit unions in New South Wales and quite a few in other Australian states. The original stimulus to organize credit unions in Australia came from an Australian service man, named Kevin Yates, who was stationed in Canada during the war and saw credit unions operating there. Excellent leadership has developed in Australia; a league has been set up in New South Wales, which became a member of CUNA in the summer of 1958; and I think Australia will soon be in a

position to do a great deal toward extending credit unions throughout that part of the world.

**Q As I understand it, there are no credit unions in England. How is that to be explained?**

**A** The original cooperative movement in England developed around food distribution. The first cooperative stores preceded chain food stores there—or in any other country, for that matter—and this consumed energy that might have gone into credit union work. British cooperators and the labor movement also have sponsored for over a century certain other kinds of organizations, such as friendly societies, which have met some of the needs served elsewhere by credit unions. In addition, British business management has traditionally been more paternalistic toward employees than management in the United States, although since the war this has been changing.

Another factor is the widespread prejudice in Europe generally against credit for consumption purposes, which is perhaps especially strong in Britain. I believe it would take a fieldman several years to get a sound credit union movement started in England, although there are indications that it would not be impossible.

**Q You recently reported that there are better prospects for the immediate future in Ireland. What has happened there?**

**A** The credit union movement in Ireland is taking hold, slowly but on a sound foundation, I think. An organization called the Credit Union Extension Service has been set up there by a group of people who have been in correspondence with us and with the Ontario Credit Union League. Most active is a school teacher, Miss Nora Herlihy.

Two credit unions have been chartered under the Friendly Societies Act and are operating quite well. Both these credit unions make loans for about the same purposes that we do. I have visited them and five others that are now in the study club stage this summer, and I believe there will be at least ten in operation within a year.

When I was in Ireland during June, I was invited to appear before a government committee that is now studying cooperative legislation. We had a very good discussion of credit unions, that lasted all day, and my impression is that they will recommend an amendment to the Friendly Societies Act to clear the way for other types of cooperatives including credit unions.

An interesting thing about Ireland is the fact that between 1880 and 1915 there were about 50 credit unions of the Raiffeisen type organized there, but these have now all failed. They had some problems with borrowed capital, but I believe their failure came mainly from the failure to carry on educational programs.

**Q Credit unions were first organized by two Germans, Raiffeisen and Schulze-Delitzsch, and these were followed next by credit unions organized by two Italians, Luzzatti and Wollemborg. It was from these credit unions that Desjardins got most of his knowledge, which he later shared with people in the United States. How are these early German and Italian credit unions making out?**

**A** In general, I should say that the rural credit cooperatives organized by Raiffeisen in Germany and Wollemborg in Italy, to a greater extent than the urban societies organized by Schulze-Delitzsch and Luzzatti, have

kept their credit union philosophy and operating techniques. The Schulze-Delitzsch and Luzzatti societies are, today, primarily commercial banks serving the middle classes.

Since 1948, there has been a growing trend for the Raiffeisen societies to concentrate on personal loans for items such as washing machines and household goods in general. This is one sign of the modernization of German farming.

There is really a tremendous need for credit unions among working people in Europe. The only source of credit the industrial workers have is the hire-purchase plan, as they call our installment plan. Rates are high. In Holland, where they are especially high, a worker will pay 50 percent interest on a loan for a bicycle.

**Q Have there ever been any credit unions in Russia or the present Communist countries? If so, what has happened to them?**

**A** The Raiffeisen movement was well developed in most East European countries, particularly in Czechoslovakia and Poland and also in the Ukrainian Republic within the U.S.S.R. The Raiffeisen and Schulze-Delitzsche movements were also strong in what is today Eastern Germany. It is my understanding that these groups today act as agents for state-owned savings and loan groups. In 1953 or 1954 I wrote an article in *The Bridge* about the Raiffeisen societies in Eastern Germany based on an article in a Dutch magazine. I believe the developments are pretty similar in the other East European countries.

**Q What are the most urgent goals of your department right now, and what kind of support do you need from the credit union movement aside from the financial and administrative support you now get as a department of the Credit Union National Association?**

**A** Our goals for the next five years include new programs in Africa, Southeast Asia and India. We also want to expand our program in Latin America, especially in Brazil and Venezuela. In addition, I would hope that more Leagues would participate in our training program of overseas leaders, and also by contacting foreign students at colleges and universities in their home states. More credit union Leagues might also organize a special World Extension program such as has been done by Illinois and British Columbia.

I hope the credit union people in North America understand that the World Extension program is not a charity and a handout program. The money which is allocated to us is used to teach techniques which have proven themselves in other parts of the world. We never lend money directly to new credit unions or subsidize the operation in any way except through the establishment of schools and training centers.

I would also like people to understand that our extension activities are merely the 1959 version of a development which has been going on for the past 100 years. A movement like the credit union movement, a real peoples' movement, recognizes no national boundaries. Just as the basic ideas of our movement came from Germany through Canada and into the United States, it is now spreading across the Pacific into Australia and Asia, and South to Latin America, and east to Africa.

## CANADA'S MONEY

(Continued from page 8)

panies, department stores and other retail dealers amounted to \$1,936 millions—nearly twice the figure of seven years ago. Loans by credit unions currently total more than a quarter of a billion dollars.

About twelve cents out of every dollar Canadians earn is already pledged to repay past loans for automobiles, appliances and other purchases, similar to the U. S. figure.

Despite the extent to which Canadians have stretched the country's credit resources, the system has so far worked well. Less than 5 per cent of outstanding debts are not being collected.

In assessing the credit situation in Canada, it must be remembered that the country's standard of living is still very much below that of the United States. About a quarter of Canadian homes still lack even the basic convenience of a bathtub. A third of Canadian houses have no television sets, a quarter have no mechanical refrigeration or washing machine, and half are not equipped with vacuum cleaners. The market for laundry driers and dishwashing machines has hardly been touched.

This means there exists a tremendous backlog of purchasing pressure requiring credit.

### Near U. S. Levels

An interesting picture is obtained by comparing the Canadian consumer debt situation with that in the United States. Because the U. S. is a much more mature economy, the increase in the various forms of credit has been much less steep in recent years. Charge accounts, for instance, during the period 1945-56 increased by 222 per cent in Canada, but only 124 per cent in the U. S. Installment credit for the same period was 910 per cent higher in Canada, but up only 692 per cent in the United States.

Consumer debt outstanding per head of population aged fourteen or over, however, is much higher in the U.S. In 1945, the figures for the two countries were about equal at \$43. A recent compilation shows that the U.S. figure has risen to \$315, while the Canadian equivalent is \$232. The ratio of consumer debt outstanding to personal disposable in-

# Keeping Posted

ON CUNA SERVICES



The CUNA program and services are planned on the basis of consultation between League officers and staff, national board and committee members and CUNA staff. The basic purpose of the CUNA program is to support, supplement and strengthen League programs. Most CUNA services are available through League offices; some are available directly.

## EDUCATION

Management specialists' conference convening November 16 will include sessions with managers of 4 big credit unions and demonstrations of new Burroughs and NCR electronic equipment. Attendance limited to 30. (John Bigger, director.)

## ADVERTISING AND PROMOTION

Wall and desk calendars with humorous credit union drawings and captions should be ordered soon for holiday delivery. Pocket calendars still available from CUNA Supply. (Phil Davies, director.)

## CREDIT UNION BRIDGE

December issue will feature legislation, including the new amendments to the federal credit union act, a roundup of legislative developments in the states and provinces, and discussion of future possibilities in taxation and central credit unions. (Dick Giles, editorial director.)

## WORLD EXTENSION

Matos and Verduzco now in South America will soon set up office in Costa Rica. Bailey focusing on bookkeeping problems in Caribbean. European contacts being followed up, especially ILO, FAO and UNESCO. (Olaf Spetland, director.)

## ORGANIZATION

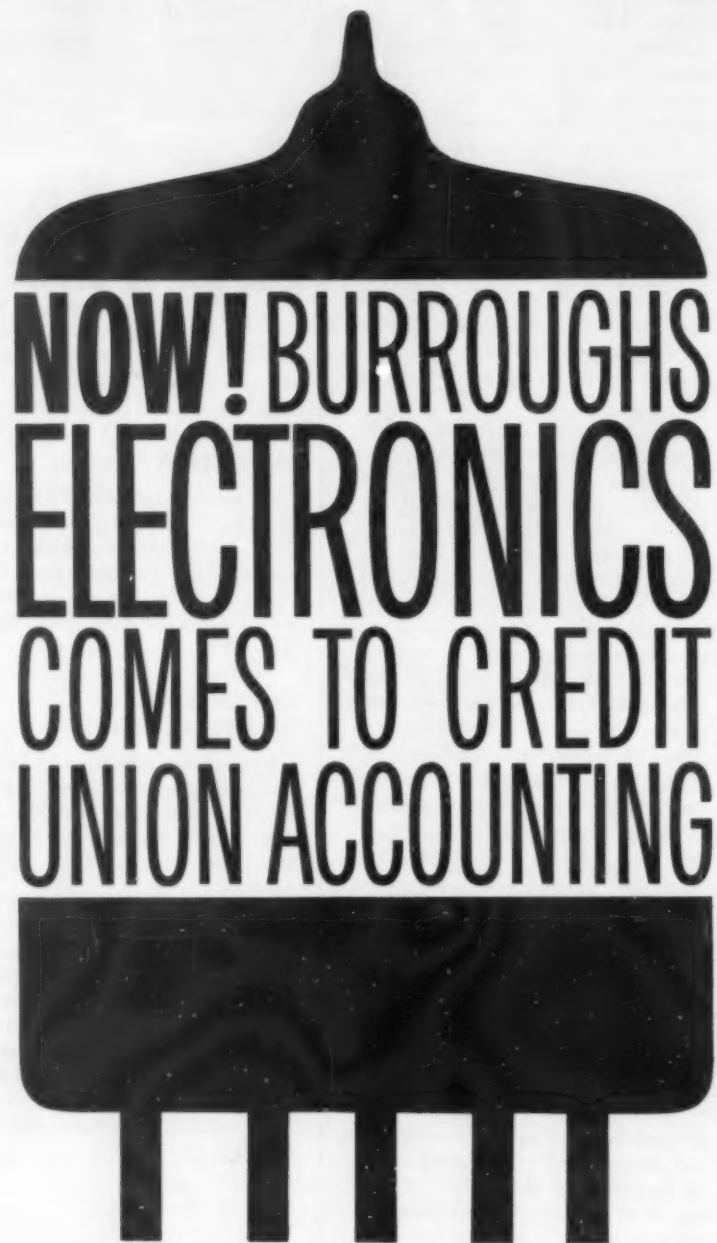
Department will work with Ontario League staff in November on 1960 program. Military credit union conference scheduled in Madison November 6-8. Organization specialists' conference booked for December. (Bob Dolan, director.)

## PUBLIC RELATIONS

Speakers at league publications conference December 3-4 will include Pierre Martineau (motivation), Lawrence Ragan (editorial techniques), Kenneth Butler (design). Coming soon: a newspaper kit for chapters and leagues. (Warren Lutey, director.)

## EXECUTIVE

The executive offices of the Credit Union National Association are located in Madison, Wisconsin, and Hamilton, Ontario. Vance Austin is managing director, Orrin Shiye is assistant managing director and John Brady is comptroller, all in Madison. Bob Ingram is Canadian manager in Hamilton. The Washington office is under the direction of Hubert Rhodes.



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come is consequently higher in the U.S.—13.2 per cent, compared with Canada's 12.4 per cent.

The main reason for the impressive upward surge in outstanding Canadian credit has been the increased use of financing in new car purchases. In 1946, only 14.3 per cent of cars in Canada were being bought on credit; now nearly half of all new vehicles are sold "on the cuff."

Probably the most important credit need in Canada today is for mortgage money. The average Canadian house is thirty years old. The amount of additional housing needed to accommodate the expected multiplication of Canada's population during the next twenty-five years will exceed the number of existing homes.

Not as much is now heard about the economic boom in Canada, but prosperity's symptoms are still apparent almost everywhere. At Yellowknife, in the Northwest Territories, there are only seven miles of paved road and there is no highway link

with the outside world, yet the tiny patch of pavement is jammed by three hundred private cars and twenty-one taxis. So many citizens of Goderich, a small and not particularly wealthy western Ontario farming community, have wintered in Florida for the past few seasons that they have established their own bowling league at St. Petersburg, to continue hometown playoffs.

The future looks good to most Canadians, but growth under the circumstances almost inevitably will involve a strain for credit for all sorts of purposes. Credit unions will share in the growth.



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## FEDERAL ACT

(Continued from page 4)

- Officers and committee members may borrow up to the limit of their shareholdings plus the unpledged shares of other members acting as co-signers.
- Provision is made for conversion from federal to state charters and vice versa.

In addition, robbery of a federal credit union becomes a federal offense. Also, the federal act is expanded to cover all territories and possessions of the United States. Finally, a traditional provision of the standard federal by-laws is now embodied in the law, to the effect that no officer, director or committee member other than the treasurer can be compensated for his services as such.

These are the first major changes made in the federal act since it was first passed in 1934. The current campaign for the amendments began three years ago, when Senator Robertson (D., Va.), chairman of the Senate Banking Committee, announced that he wanted to work toward a thorough modernization of banking and other financial legislation. Thus far, the credit union amendments are the only result of Senator Robertson's program.

The credit union movement was invited to participate in the committee work that prepared the new amend-

ments. At the start, CUNA was still in the process of setting up its legal and legislative department and staffing its Washington office, and the early steps had an air of improvisation. Groundwork was laid by a legislative committee hastily convened in Madison.

Soon, however, the purposes and methods began to crystallize. Two legislative conferences were held and well attended by leagues, in Washington in February 1958 and again in February 1959. There was criticism, discussion and clearer agreement. When the original credit union amendments passed the Senate as part of a general banking bill in March 1957, it began to be clear that the credit union movement had a good chance to get improvements that had been desired for years. By 1958 the goals were bigger and the amendments more numerous.

But the banking legislation ran into trouble. There was resistance to some features of the banking sections. Stubborn opposition sparked by Representative Wright Patman (D., Tex.) slowed the banking bill down to a crawl. Throughout 1958 nothing happened. When it was clear late in the 1958 session that the Financial Institutions Act would not pass the House,

(Continued on page 30)

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## ANNUAL MEETINGS

*(Continued from page 11)*

rangements for a full year in advance to reserve this fountain room, which is extremely popular."

Argus last year increased the members' interest in the annual meeting by scheduling a drawing for seven prizes. After the business session, Argus' members made their own sodas, banana splits, malteds and other delicacies. Members and guests then played cards until midnight. "This type of meeting is quite popular," says treasurer Lutz. "Our members have asked to meet at the same place in 1960."

There is a further reason why Argus' members like the dairy fountain, Wally Lutz points out. The members' wives like to meet together socially.

• **Title Examiners Credit Union**, Cleveland, Ohio (132 members). Title's annual meetings are strictly business sessions. Usually they are quite brief, rarely lasting more than one hour.

"We generally meet in a hotel following the regular monthly meeting of our labor union," says treasurer Frank Ralston. "This arrangement saves us the expense of having to hire a meeting hall."

• **Dan Dugan Federal Credit Union**, Sioux Falls, South Dakota (215 members). "We always try to have some entertainment along with our business meeting and election," says treasurer Jerry Steffen. "Without this added attraction, our attendance would not be nearly so good."

Last year Dan Dugan's annual meeting featured a credit union film ("King's X"); a travel film taken by one of the officers; and a free lunch (cold cuts).

Attendance at the 1959 meeting was between 50 and 60 members, approximately 65 percent of the members stationed at the Sioux Falls office of the group's sponsor.

Dan Dugan's annual meetings are usually scheduled on a Saturday night. The group makes it a practice to invite the entire field of membership. Also invited are the wives of the members and potential members. Total meeting costs for 1959 were \$30.

• **Call & Post Employees Credit Union**, Cleveland, Ohio (65 members). "We distribute our annual

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meeting notices directly to the members in our plant and offices," reports treasurer Ann Adams. "Our business meeting of 1½ hours is usually followed by social activities. These include sandwiches, cookies, soft drinks, potato chips, peanuts, beer—and occasionally dancing.

"We always use our annual meeting reports as an opportunity to stress the importance of saving regularly," Ann Adams points out. "We explain how easy it is to accumulate a nest egg through payroll deduction."

The attendance at Call's annual meetings varies. Last year it rose to a new high of over 80 percent of the membership.

• **Sioux Falls Milwaukee Employees Federal Credit Union**, Sioux Falls, South Dakota (202 members). "We formerly had a banquet each year," says car foreman Glenn Kasak who has served his group as treasurer since 1942. "It was free to the members. Our largest attendance was 70.

"But during the last two years we made an experiment to find out whether the members were attending the meeting to get a free meal or to see what is going on in their credit union." The first year the credit union advertised a free light lunch, and attendance dropped to 22. In 1959 it advertised the event as a "business meeting," and again there were 22 members in attendance.

"We noticed that the same members attended both meetings," reports Kasak, "and we concluded from this that the members who are really interested in our credit union will come with or without a free meal."

• **Perry Fay Employees Credit Union**, Elyria, Ohio (164 members). This group holds its annual meeting banquet at a local catering service. The member pays \$1 toward his meal and the credit union pays the difference. Guests are charged at the full per capita cost of the catering service.

"Most of our meetings have been on Saturday nights," says treasurer Edward P. Knipper. "We generally have a prominent local person as our annual meeting speaker. Our business meeting follows the banquet. Usually our attendance has been in the neighborhood of 115 to 125 persons. The total cost of our 1959 meeting was \$180.21."

• **Marquette Federal Credit Union**, Sioux Falls, South Dakota (164

members). This group serves Sioux Falls' Knights of Columbus. Its annual meeting follows a regular semi-monthly council meeting of the Knights. Attendance at the meetings varies between 75 and 100 members.

Marquette's meetings consist of two parts, reports treasurer Robert L. Schmitz: the business session and a small lunch. Usually the lunch consists of cake, ice cream and coffee. The Knights' council bears the cost of these refreshments.

## FEDERAL ACT

(Continued from page 26)

a new credit union bill was introduced.

Sponsored at various stages and in various forms by Patman (D., Texas), Multer (D., N. Y.), Anderson (D., Mont.) and Spence (D., Ky.), the House bill went through at last with the name of Brent Spence at the top. Spence is the veteran chairman of the House Banking Committee, and his sponsorship of the bill helped shake it loose from a temporary logjam into which it had been trapped. When the bill reached the Senate, first expectations were that its progress would be slow; but the energetic support of Senator John Sparkman (D., Ala.) and the friendly attitude of Senator Robertson brought quick results.

Getting legislation passed is a team effort, and CUNA officials were busily thanking leagues and local credit union people for their support as the President's signature was affixed. Intervention by representatives of the Kentucky, Virginia, Texas and New York leagues was especially effective at certain crucial points.

The next issue of *The Bridge* will be a special legislative issue, analyzing the new federal amendments at greater length and surveying state and provincial legislative developments during 1959.

## WHAT ABOUT IT?

(Continued from page 6)

### Volunteer organizers

Why were the Founders Club membership requirements changed recently?

ANSWER:

For a few months CUNA's executive committee removed the require-



ment that volunteer organizers must be members of an existing credit union at the time of founding a new group. But this temporary change has been repealed. This action restores the original intention of Edward A. Filene: To recognize persons who already have the benefit of credit union membership for making these same benefits available to others by organizing credit unions for them.

Here is what "organizing" means for purposes of obtaining a Founders Club membership:

The applicant must participate in at least one item in each of the following two categories:

**Category Nr. 1:** (a) Finding and developing the lead; (b) making contact with the group's leadership or management; (c) participating in at least one orientation meeting; (d) participating in the charter meeting.

**Category Nr. 2:** (a) assisting the group significantly between the charter meeting and the organization meeting; (b) participating in the organization meeting; (c) participating in the board of directors' meeting; (d) participating in orienting the credit committee; (e) participating in orienting the supervisory committee.

## COMING EVENTS

November 19-22—**California** Credit Union League annual meeting, U. S. Grant Hotel, San Diego.

November 19-22—**Missouri** Credit Union League annual meeting, Hotel Robidoux, St. Joseph.

January 30-31, 1960—**Utah** State Credit Union League annual meeting, Salt Lake City.

February 18-20—**Credit Union League of Manitoba** annual meeting, Marlborough Hotel, Winnipeg.

February 20—**Tenth District** meeting, Atlantic City, New Jersey.

February 23-24—**Saskatchewan** Credit Union League annual meeting, Bessborough Hotel, Saskatoon.

March 3-5—**Ontario** Credit Union League annual meeting, Royal York Hotel, Toronto.

March 4-5—**North Dakota** Credit Union League annual meeting, Memorial Building, Jamestown.

March 11-12—**Connecticut** Credit Union League annual meeting, Hotel Statler, Hartford.

The Credit Union Bridge

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March 11-12—**Ninth District** meeting, Columbia, South Carolina.

March 12—**Seventh District** meeting, Detroit, Michigan.

March 12-13—**Fourth District** meeting, Hotel Utah, Salt Lake City, Utah.

March 18-19—**Rhode Island** Credit Union League annual meeting, Sheraton-Biltmore Hotel, Providence.

March 19—**Eighth District** meeting, Deauville Hotel, Miami Beach, Florida.

March 19—**Third District** meeting, Boise, Idaho.

March 20—**Jamaica** Credit Union League annual meeting, St. George's College Hall, Kingston.

March 24-26—**Texas** Credit Union League annual meeting, Municipal Auditorium, Austin.

March 25-26—**Arizona** Credit Union League annual meeting, Westward Ho Hotel, Phoenix.

March 25-27—**New Jersey** Credit Union

League annual meeting, Traymore Hotel, Atlantic City.

April 1-2—**District of Columbia** Credit Union League annual meeting, Hotel Statler-Hilton, Washington.

April 1-2—**Oregon** Credit Union League annual meeting, Gearhart Hotel, Gearhart.

April 2—**Maryland** Credit Union League annual meeting, Lord Baltimore Hotel, Baltimore.

April 7-9—**Kansas** Credit Union League annual meeting, Jayhawk Hotel and City Auditorium, Topeka.

April 8-9—**Illinois** Credit Union League annual meeting, Hotel Sherman, Chicago.

April 8-9—**Massachusetts** CUNA Association annual meeting, Hotel Somerset, Boston.

April 9—**Vermont** Credit Union League annual meeting.

April 15-17—**Hawaii** Credit Union League annual meeting, Sheraton's Royal Hawaiian Hotel, Honolulu.

April 21-23—**Alberta** Credit Union League annual meeting, MacDonald Hotel, Edmonton.

April 21-23—**Nebraska** Credit Union League annual meeting, Cornhusker Hotel, Lincoln.

April 21-23—**Oklahoma** Credit Union League annual meeting, Tulsa Hotel, Tulsa.

April 21-23—**Pennsylvania** Credit Union League annual meeting, Sheraton Hotel, Philadelphia.

April 22-23—**Alabama** Credit Union League annual meeting, Thomas Jefferson Hotel, Birmingham.

April 22-23—**Arkansas** Credit Union League annual meeting, Pines Hotel, Pine Bluff.

April 22-23—**Georgia** Credit Union League annual meeting, Albany.

April 22-23—**Iowa** Credit Union League annual meeting, Blackhawk Hotel, Davenport.

April 22-23—**Michigan** Credit Union League annual meeting, Pantlind Hotel, Grand Rapids.

April 22-23—**Minnesota** Credit Union League annual meeting, Nicollet Hotel, Minneapolis.

April 22-24—**South Dakota** Credit Union League annual meeting, Sheraton-Cataract Hotel, Sioux Falls.

April 23-24—**Wyoming** Credit Union League annual meeting, City-County Building, Casper.

April 28-May 1—**Ohio** Credit Union League annual meeting, Cleveland.

April 29-30—**Colorado** Credit Union League annual meeting, Shirley-Savoy Hotel, Denver.

April 29-30—**West Virginia** Credit Union League annual meeting, Chancellor Hotel, Parkersburg.

April 29-May 1—**Louisiana** Credit Union League annual meeting, Capitol House Hotel, Baton Rouge.

May—**Twelfth District** meeting, Madison, Wisconsin.

May 5-7—**Virginia** Credit Union League annual meeting, Hotel Chamberlin, Old Point Comfort.

read this editorial, clipped from a metropolitan newspaper . . .

## WHY COPS GET GRAY

The two credit union employees who were robbed of \$14,000 near Journal Square yesterday had been carrying cash for three years without losing a penny.

Regularly the same car had parked in the same lot and frequently it carried money. Never in all that time had the messengers requested a police escort. Yet money escort is a regular service of the [local] Police Department, one which has paid off handsomely. Robberies of this kind have been rare in the city.

The expert who "cased" the money messengers for the holdup men must have disbelieved his eyes when he saw unarmed, unescorted men carrying large sums of cash regularly from a parking lot to their factory a block and a half away.

The surprising aspect of the holdup is that so tempting a prize went so long untouched.

The case should inspire all who carry large sums of cash to consult with the nearest precinct captain about the best way to do that job safely.

How effective is your loss prevention program? Review it frequently; revise safeguards as necessary. And remember—your credit union can secure a bond with a limit of 100% of the credit union assets up to \$1,000,000 (or \$2,000,000 optional coverage if total assets are \$1,000,001 or more). Compare this with your present bonding protection, and request complete details now

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1. The names and addresses of the publisher, editor, managing editor, and business managers are Publisher: Richard Y. Giles, Box 431, Madison, Wisconsin; Editor: Richard Y. Giles, Box 431, Madison, Wisconsin; Business manager: J. Orrin Shippe, Box 431, Madison, Wisconsin.

2. The owner is: Credit Union National Association, Box 431, Madison, Wisconsin.

3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: none.

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RICHARD Y. GILES  
Sworn to and subscribed before me this 17th day of September, 1959.

[SEAL]

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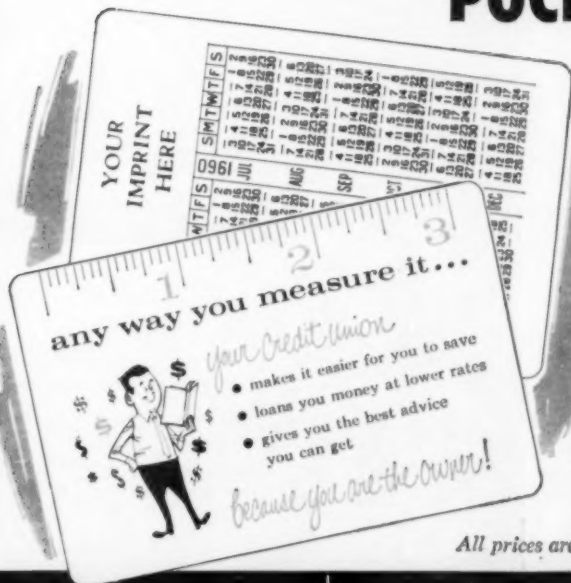
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- **PLACE MAT**—There's credit union information and a dash of humor on this annual meeting "extra." A perfect item to add interest to your meeting.
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